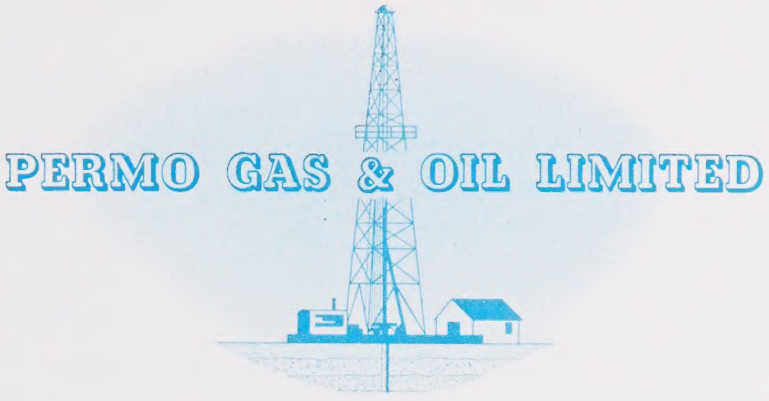
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ANNUAL REPORT

For the Year Ended August Thirty-First

1967

PERMO GAS & OIL LIMITED

BOARD OF DIRECTORS

Robert Clive Brown, *Calgary, Alberta*
Archibald Park Newall, Jr., *Calgary, Alberta*
Frank Brown, *Calgary, Alberta*
Roger D. Paugh, *Calgary, Alberta*
Eric F. Lowick, *Calgary, Alberta*

OFFICERS

Robert Clive Brown, *President*
Archibald Park Newall, Jr., *Vice-President*
Eric F. Lowick, *Secretary-Treasurer*
Gordon Waldie, q.c., (*Toronto*), *Assistant Secretary*

EXECUTIVE OFFICE

210 - 736 - 8th Avenue S.W., *Calgary, Alberta*

AUDITORS

Clarkson, Gordon & Co.

BANKER

The Royal Bank of Canada

COUNSEL

MacKimmie, Matthews, Wood, Phillips & Smith
Calgary, Alberta

REGISTRAR AND TRANSFER AGENTS

The Canada Trust Company, *Toronto, Ontario*
National Trust Company, Limited, *Calgary, Alberta*

STOCK EXCHANGE LISTING

Toronto Stock Exchange

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The annual report and consolidated financial statements of the Company and its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited, for the year ended August 31, 1967 are presented herewith.

CORPORATE AFFAIRS

The Company is the beneficial owner of 1,271,338 shares of Consolidated East Crest Oil Company Limited and 3,452,433 shares of New Continental Oil Company of Canada Limited, equal to 79.5% and 57.16% respectively of the issued and outstanding shares of these subsidiary companies. Mill City Petroleums Limited, which is effectively controlled by Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd., is the beneficial owner of 6,096,694 shares, equal to 46.44% of the issued and outstanding shares of this Company.

Arising out of the consolidation in 1966 of offices and staffs of all companies included in the chart accompanying this report whereon is shown share ownership, interlocking directorate, etc., the Company and its subsidiaries, in addition to paying their own direct expenses, have shared proportionately in all administrative and general expenses common to the group on the basis of an adjusting formula having regard to activity and other relevant factors. This procedure has resulted in increased efficiency and has contributed to a very substantial reduction in consolidated administrative and general expenses. In addition the Company and its subsidiaries have been able to participate in a more active and diversified exploration and development program in co-operation with associated companies.

FINANCIAL

During the year under review consolidated operations resulted in a cash loss of $5,157 as compared to cash earnings of $200,391 during the preceding year, a difference of $205,548 comprising:

Increase in exploration expenditures	$260,789
Decrease in administrative and other expenses	(69,164)
Decrease in revenues	13,923
	$205,548

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After allowance for minority intreest in profits of subsidiaries, non-recurring gain on the sale of properties and substantial write-offs as set forth in the accompanying statement of income and deficit, consolidated net profit for the year amounted to $8,806 as compared to a net loss of $46,237 during the preceding year. It will be noted, however, from the consolidated statement of source and application of funds included in this report that funds received from all sources during the year exceeded expenditures by $222,694, thereby increasing consolidated working capital to $720,157 at the year end.

Effective March 1, 1964 the Company sold substantially all its producing properties in the Fort St. John area of the Province of British Columbia for a cash consideration of $989,700, subject to the right to receive 90% of net income from the properties after the purchaser has recovered $1,094,500 out of net income. As at August 31, 1967 the purchaser has recovered the sum of $530,700 leaving a balance of $563,800 to be recovered before the Company will be entitled to this source of revenue. In this regard it should be noted that the said sum of $530,700 is after deducting capital expenditures amounting to $163,700 being the purchaser's share of the cost of installing a 1,000 horsepower compressor station in the Fort St. John gas field and a 400 horsepower compressor station in the Southeast Fort St. John gas field. In addition the Company incurred capital expenditures during the year amounting to $18,250 by way of compressor station and other costs allocated to its interest in the Fort St. John Airport gas field.

Effective March 1, 1965 the Company's subsidiary, New Continental Oil Company of Canada Limited, sold its interest in producing properties in Leduc, Alberta, and Weyburn, Saskatchewan, in addition to its interest in certain producing properties in Dodsland, Saskatchewan, for a cash payment of $999,499, subject to the right to receive 90% of net income from the properties after the purchaser has recovered $1,165,644 out of net income which was estimated to require a period of five years. During the current year New Continental sold its 60% residual interest in the referred to properties for a cash payment of $926,000 which amount exceeded the original estimated present worth value of income remaining over the future life of the properties.

https://archive.org/details/Perm0711_1967

The Company's subsidiary, Consolidated East Crest Oil Company Limited, sold during the year for $200,000 four producing oil wells in the Province of Manitoba which were purchased in July, 1965 for $161,000. Including net proceeds of production received from these wells during the period from date of acquisition to date of sale in the sum of $16,739 this transaction resulted in a cash profit of $55,739 equal to a 34.6% short term cash profit versus what appeared to be a long term payout of the original investment. In addition Consolidated East Crest sold its small interest in the Crossfield Cardium Unit No. 1 for $25,000 which your Directors considered to be in the best interests of the Company inasmuch as current returns from this investment indicated that it would require upwards of eight years to yield the above mentioned cash sale price without the application of a present worth discount factor.

EXPLORATION AND DEVELOPMENT

GENERAL

During the year the Company and its subsidiaries increased their exploration and development activity in co-operation with associated companies and expended the total sum of $918,922 for this purpose comprising:

Acquisition of petroleum and natural gas interests		$386,202
Drilling costs		
Non-productive wells	$210,908	
Productive wells (costs incomplete at August 31, 1967)	88,713	299,621
Geological, geophysical and airborne radioactivity surveys, including exploration expenditures over mining claims and coal permits		154,645
Lease rentals and other carrying charges		51,044
Production equipment		27,410
Total		$918,922

as compared to the sum of $300,349 expended during the preceding year.

The Company's subsidiaries participated in the drilling of nine non-productive and abandoned wells during the year. One well was drilled in Manitoba, three in Saskatchewan, one in British Columbia and four in Alberta.

EXPLORATION

ALBERTA

In the Cadotte, Bistcho Lake and Northwest Rainbow areas of the Province of Alberta, the Company's subsidiaries and associates negotiated five farmout agreements from British American Oil Company Limited covering approximately 155,000 acres pursuant to the terms of which two wells, namely, Continental RCV Bistcho 7-23-124-4-6 and Mill City et al Cadotte 7-16-85-17-5 were drilled and abandoned and an extensive seismograph program was carried out. The total cost of this exploration program amounted to $448,640 of which $176,020 was contributed by New Continental and $28,940 was contributed by Consolidated East Crest.

The preliminary seismic survey completed on Petroleum and Natural Gas Reservation No. 553, containing 52,050 acres in the Northwest Rainbow area, indicated that further and more detailed seismic exploration was required before a drilling location could be selected. Subsequent to the year end New Continental and its associates farmed out their interest to Pan American Petroleum Corporation who have performed substantial additional seismic exploration and by so doing, earned an option to select a drilling location. Pan American has exercised its option and will pay New Continental and associates a cash consideration and a gross overriding royalty on lands earned by the drilling of the test well. New Continental has a 40% interest in this arrangement and the remaining interest is held by Royal Canadian Ventures Ltd., Dynamic Petroleum Products Ltd. and Crusade Petroleum Corporation Limited.

BRITISH COLUMBIA MINING OPERATIONS

New Continental and Consolidated East Crest each have a one-seventh (1/7th) interest in 332 mining claims and five mineral leases in the interior of British Columbia and they are participating with Royal Canadian Ventures Ltd., Mill City Petroleums Limited and other associated companies in geophysical and geochemical surveys which are in various stages of completion. Additional properties are being staked from time to time as a result of prospecting and other forms of field exploration. This program is operated for our group of companies by Royal Canadian Ventures Ltd. through an exploration office established in Kamloops, B.C.

On Vancouver Island New Continental and Consolidated East Crest each have a one-seventh (1/7th) interest in approximately 161,000 acres of mineral lands which were acquired pursuant to an agreement entered into between Royal Canadian Ventures Ltd. and Canadian Pacific Oil & Gas Limited. Line cutting and a geochemical survey will be initiated shortly over these properties for purposes of a preliminary evaluation.

SASKATCHEWAN URANIUM SURVEY

The Company's subsidiaries, New Continental and Consolidated East Crest, in co-operation with associated companies, have completed an extensive preliminary uranium exploration program in the Athabasca sandstone area of northern Saskatchewan. Approximately 15,000 linear miles of traverses were flown using aircraft owned by an associate company which was equipped with the latest and most modern uranium detection equipment. Following completion of the preliminary survey five mineral exploration permits totalling 960,000 acres have been acquired and our future exploration program will be designed to further evaluate these permits for uranium and other mineral deposits. The Province of Saskatchewan is paying a share of our exploration expenditures under their Precambrian incentive program. (Note: More detailed particulars concerning this program are contained in a separate report dated December 15, 1967, a copy of which is enclosed with this report.)

DEVELOPMENT

In the Rainbow oilfield of the Province of Alberta New Continental and Consolidated East Crest in co-operation with Dynamic Petroleum Products Ltd., each as to an undivided 33-1/3% interest, acquired three petroleum and natural gas leases in Township 110, Range 7, West 6th Meridian, comprising 640 acres, at a Crown sale held in August, 1967 for a total bonus payment of $527,928. A detailed seismic program was conducted over these lands and at the date of this report three successful oil wells have been drilled resulting in a substantial increase in crude oil reserves and a fourth well is planned.

In the South Rainbow area a petroleum and natural gas lease comprising 320 acres was acquired at a Crown sale held in October, 1966 for a bonus consideration of $37,232. New Continental and Consolidated East Crest each have a 20% undivided interest in this property and the remaining interest is held equally by Mill City Petroleums Limited, Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd.

In what is commonly referred to as the Fort St. John area of the Province of British Columbia the Company has a 25% working interest in 22 sections of petroleum and natural gas leases and the Company and its subsidiary, New Continental, each have a 12½% working interest in 18 sections of petroleum and natural gas leases, all in Township 85, Ranges 17, 18 and 19, West 6th Meridian. At the year end two successful gas wells have been drilled, namely, Pacific et al N. Pine 6-27-85-18-6 and Pacific et al N. Pine 6-24-85-18-6. Subsequent to the year end Pacific et al Stoddart 10-35-85-19-6 was drilled as a successful gas well. The three mentioned wells represent a south and southeast new pool extension of the Stoddart field. The operator, Pacific Petroleums Ltd., is now in the process of installing gas gathering and central dehydration facilities together with some six miles of line to connect with the Westcoast gas transmission system.

GENERAL COMMENTS

Your Directors previously indicated their intent to participate in an active exploration and development program in the Rainbow area of Alberta and in other areas of Western Canada in co-operation with the associated companies referred to in this report with a view to increasing reserves of crude oil and natural gas and revenues from this and other sources. Such a program has been carried out by the Company's subsidiaries with a measure of success as indicated in this report. Furthermore, in order to diversify our exploration activity, the Company's subsidiaries and associated companies have established a special projects department under competent personnel which has resulted in their participating in an airborne radioactivity uranium survey in the Province of Saskatchewan, an exploration program in British Columbia involving geophysical and geochemical surveys in the search for base metals and they are also interested in the search for coal deposits. It is planned to continue our diversified efforts during the coming year in co-operation with associated companies to an extent consistent with our financial resources.

Submitted on behalf of the Board

R. C. Brown

President

Calgary, Alberta

January 2, 1968

(Copies of the annual reports published by the Company's subsidiaries may be obtained upon request.)

Permo Gas

(Incorporated unde

AND ITS

CONSOLIDATED

AUGUST 31, 1

ASSETS

	1967	1966
CURRENT:		
Cash	$ 68,934	$ 127,826
Short term deposits	570,000	225,000
Marketable securities at cost (market value 1967 — $57,932; 1966 — $107,940)	71,355	106,160
Accounts receivable	274,662	160,130
Prepaid expenses	1,377	1,377
Total current assets	986,328	620,493
INVESTMENTS AND ADVANCES:		
Shares of and advances (1967 — $20,000; 1966 — $97,000) to subsidiaries at cost less amount written off (Note 1)	20,004	97,004
Shares of Dynamic Petroleum Products Ltd. at cost (market value 1967 — $821,250; 1966 — $1,181,250)	1,500,000	1,500,000
Shares of Mill City Petroleums Limited at cost (market value 1967 — $138,500; 1966 — $ 147,000)	150,000	150,000
	1,670,004	1,747,004
PROPERTY, PLANT AND EQUIPMENT — AT COST:		
Producing properties including well development expenditures	2,589,225	2,637,527
Non-producing properties	506,501	448,715
Shut-in oil and gas wells	195,707	195,807
Production and other equipment	467,333	456,927
	3,758,766	3,738,976
Less accumulated depreciation and depletion	1,091,463	975,037
	2,667,303	2,763,939
OTHER:		
Operating and performance deposits	93,461	57,151
Special 5% refundable tax	18,582	3,705
	112,043	60,856
	$5,435,678	$5,192,292

See accom

AUDITO

To the Shareholders of
Permo Gas & Oil Limited

We have examined the consolidated balance sheet of Permo Gas & Oil Limite and deficit and source and application of funds for the year then ended. Our exa accounting records and other supporting evidence as we considered necessary in t

The market value of the companies' investment in shares of Dynamic Petro in the balance sheet.

In our opinion, subject to the realization of the carrying value of the inve present fairly the financial position of the companies as at August 31, 1967, the then ended, in accordance with generally accepted accounting principles applied

Calgary, Alberta.
December 7, 1967.

Oil Limited

STATEMENT 1

e Laws of Ontario)

SIDIARIES

BALANCE SHEET

67 AND 1966

LIABILITIES

CURRENT:	1967	1966
Accounts payable	$ 266,171	$ 123,030
MINORITY INTEREST IN SUBSIDIARIES	1,784,554	1,693,115
SHAREHOLDERS' EQUITY:		
Capital -		
Authorized - 20,000,000 common shares without par value		
Issued - 13,127,276 shares	10,635,522	10,635,522
Deficit (Statement 2)	7,250,569	7,259,375
	3,384,953	3,376,147

On behalf of the Board:

R. C. Brown Director.

Director.

$ 5,435,678	$ 5,192,292

ing notes.

REPORT

d its subsidiaries as at August 31, 1967 and the consolidated statements of income tion included a general review of the accounting procedures and such tests of rcumstances.

Products Ltd. is substantially less than the value at which these shares are carried

nt referred to in the preceding paragraph, these consolidated financial statements ts of their operations and the source and application of their funds for the year basis consistent with that of the preceding year.

Clarkson, Gordon & Co.
Chartered Accountants.

PERMO GAS & OIL LIMITED

Consolidated Statement of Income and Deficit

FOR THE YEARS ENDED AUGUST 31, 1967 AND 1966

	1967	1966
REVENUE:		
Crude oil and natural gas sales	$ 323,651	$ 382,604
Less production expenses	101,737	112,298
	221,914	270,306
Royalties	248,784	194,717
Interest and dividends	39,075	57,929
Other	6,718	7,462
	516,491	530,414
EXPENSE:		
Administrative and general	103,093	169,115
Exploratory costs, lease rentals, dry hole costs, etc.	416,597	155,808
Directors' fees	—	5,100
Other	1,958	—
	521,648	330,023
Cash loss (earnings) from operations	5,157	(200,391)
Add:		
Depletion	143,530	184,709
Depreciation	27,229	26,217
Petroleum and natural gas interests abandoned	185,673	100,584
Gain on sale of securities	(1,854)	(10,782)
Loss on disposal of plant and equipment	17,519	151
Write down of advance to unconsolidated subsidiary	59,000	—
	431,097	300,879
Loss for the year before special credit and minority interest	436,254	100,488
Gain on sale of properties	(515,872)	(227,417)
Minority interest in profits of subsidiaries	70,812	173,166
Net (profit) loss for the year after special credit	(8,806)	46,237
Deficit, beginning of year	7,259,375	7,213,138
Deficit, end of year	$7,250,569	$7,259,375

See accompanying notes.

PERMO GAS & OIL LIMITED

Consolidated Statement of Source and Application of Funds

FOR THE YEARS ENDED AUGUST 31, 1967 AND 1966

	1967	1966
SOURCE OF FUNDS:		
Issue of subsidiary's shares on exercise of stock options	$ 12,000	$ —
Proceeds from sale of properties	753,099	961,932
Proceeds from sale of securities	1,855	20,070
Repayment of advance by unconsolidated subsidiary	18,000	3,000
Other	—	2,805
Total funds provided	784,954	987,807
APPLICATION OF FUNDS:		
Cash loss (earnings) from operations	5,157	(200,391)
Shares of affiliated companies	—	1,650,000
Shares of subsidiary company	—	28,115
Petroleum and natural gas interests	386,202	24,059
Well development costs	88,713	63,065
Production and other equipment — net	31,001	55,890
Increase (decrease) in deposits	36,310	(60,019)
Special refundable tax	14,877	3,705
Total funds applied	562,260	1,564,424
Increase (decrease) in working capital	222,694	(576,617)
Working capital, beginning of year	497,463	1,074,080
Working capital, end of year	$720,157	$ 497,463

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 1967

1. **Consolidation**

The consolidated financial statements include the accounts of the company and its subsidiaries, Consolidated East Crest Oil Company Limited (79.5% owned) and New Continental Oil Company of Canada Limited (57.2% owned). The accounts of the latter company do not include the accounts of its wholly-owned subsidiaries because only one of the companies is operating and none of the amounts are significant. The parent company's investment in these subsidiaries exceeds their aggregate net assets by $16,699 at August 31, 1967.

The excess of the cost of the company's investment in shares of consolidated subsidiaries over its equity in the net assets of the subsidiaries at dates of acquisition has been included in property, plant and equipment.

2. **Accounting Policy**

The companies' policy is to capitalize the acquisition cost of petroleum and natural gas interests together with drilling and development costs in connection with wells capable of production and to amortize such costs on the unit of production method. Lease rentals, costs of dry holes drilled and exploration expenses are charged against income as incurred.

3. **Remuneration of directors and senior officers.**

The companies bear a portion of the total remuneration paid to their directors and senior officers who are paid by an associated company. The amount of such remuneration allocated to the companies during the year amounted to $32,900 and is included in administrative and general expense.

COMBINED ACREAGE HOLDINGS

of

PERMO GAS & OIL LIMITED
NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED
CONSOLIDATED EAST CREST OIL COMPANY LIMITED

(Varying Interests)

at AUGUST 31, 1967

EXPLORATORY ACRES

	Gross Acres	Net Acres
Alberta	718,311	655,342
Saskatchewan	29,705	5,169
British Columbia	112,626	23,107
	860,642	683,618

PRODUCING PROPERTIES

			Working Interest %
Alberta Unitized			
Turner Valley Unit No. 7			1.0875
Homeglen Rimbey Unit No. 1			0.007403
Pembina Cardium Unit No. 31			2.8584
Leduc Woodbend D-2A Unit			1.307
Leduc Woodbend D-2B Unit			5.8856
Swan Hills Inverness Unit No. 1			0.5674863
Joarcam Unit No. 3.			0.62541
Alberta Non-Unitized			
Fairydell	160	53	33.33333
Lochend	1,600	467	29.2308
Saskatchewan Unitized			
Eagle Lake Viking Voluntary Unit			5.2508
Saskatchewan Non-Unitized			
Dodsland	960	960	100.0000
British Columbia			
Fort St. John - Airport Field	1,920	480	25.0000

ROYALTIES AND CARRIED INTERESTS (most significant only)

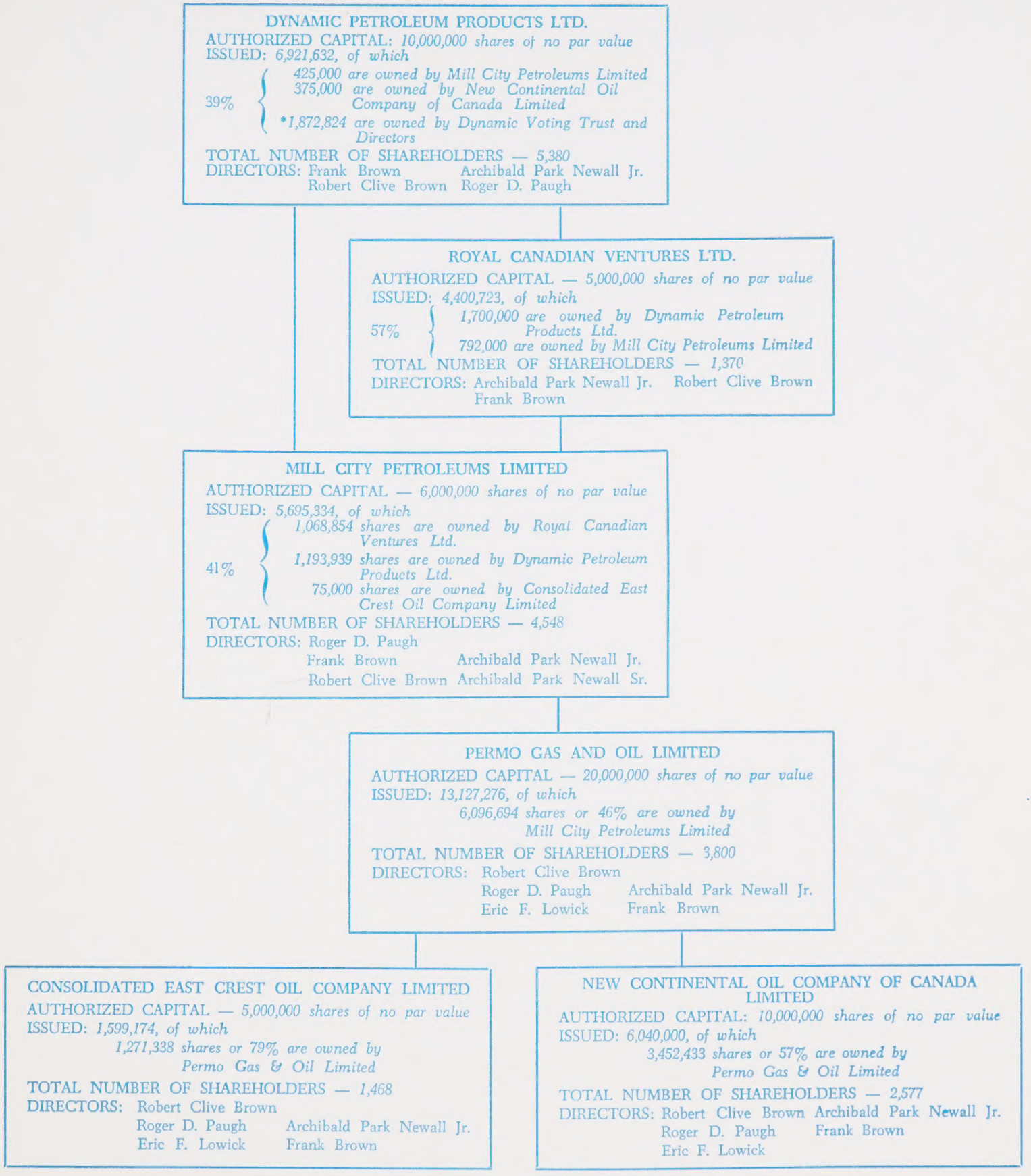
1. ½ of 1% gross on 27,840 acres in Alaska.
2. 7½% carried interest in various working interests in 180,472 acres in Alaska.
3. 10% carried interest in 22,054 acres of Alberta Bituminous Sands Lease.
4. 1% on 49,710 acres in McLeod River, Alberta, area to the west of Edson gas field.
5. 1% on 50,454 acres in the Aitken Creek area of N.E. British Columbia.
6. 2% gross on 17,760 acres Hondo, Alberta, area.
7. 2% gross on 32,820 acres covering producing wells in the Milligan Creek, Willow and Wildmint fields of N.E. British Columbia.
8. 2½% gross on 41,036 acres covering producing wells in the E. Peejay field and Bulrush areas of N.E. British Columbia.
9. 3% gross on 544,529 acres of permits in the Northwest Territories.
10. Various gross and net royalties on D-2, D-3 and Lower Cretaceous producing wells, most of which are unitized.
11. 90% deferred net income from producing properties in Fort St. John, B.C.

MINING

	Gross	Net	Working Interest %
Vancouver Island Permits	160,921 acres	45,978 acres	28.5714
B.C. - Mineral Claims	322 Claims		28.5714
- Mineral Leases	5 Leases		28.5714

COAL PERMIT

Montana	5,084 acres	508 acres	10.0000



*Principal members of the Dynamic Voting Trust who are also Directors of the Company, and their respective holdings of shares of Dynamic as of December 31, 1967, are as follows:

Frank Brown	529,597 shares
Robert Clive Brown	482,272 shares
Archibald Park Newall Jr.	475,422 shares

(This chart effective as of December 31, 1967)

PERMO GAS & OIL LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Permo Gas & Oil Limited (hereinafter called "the Company") of proxies to be used at the Annual and Special General Meeting of the Shareholders of the Company to be held at the offices of the Company, 210, 736 - 8th Avenue S.W., Calgary, Alberta, on Friday, the 23rd day of February, A.D. 1968 at the hour of 11:30 o'clock in the forenoon (M.S.T.) for the purposes set forth in the notice of the meeting accompanying this information circular. The costs incurred in the preparation and mailing of both the proxies and this information circular will be borne by the Company but the Company will not absorb any additional expense arising from this solicitation which is confined to the mailing of this information to registered shareholders. The information contained herein is given as of the date of the accompanying notice of meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors of the Company. The person or company submitting the proxy shall have the right to appoint a person to represent him or it at the meeting other than the person or persons designated in the form of proxy as submitted by the Company and such appointment may be exercised by the deletion or striking out of the persons so designated and inserting in the blank space provided in the proxy the name of the appointed representative, such deletion or striking out to be initialled by the person or officers signing such proxy.

Any person or company giving such proxy shall have the power to revoke such proxy at any time prior to the meeting providing such revocation is unconditional and signed and deposited with the Secretary of the Company or the scrutineers at or prior to the commencement of the said meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, it is intended that such shares will be voted for the approval of the Special Resolution set forth under that heading in this circular, for the approval of the consolidated financial statements, for the election of Directors as stated under that heading in this circular and for the appointment of auditors as stated under that heading in this circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting, provided that the Company is not aware, a reasonable time prior to the time this solicitation is made, that any such amendments, variations or other matters are to be presented for action at the meeting. At the time of printing this information circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

On the date of the accompanying notice of meeting the Company had outstanding 13,127,276 common shares without nominal or par value, the holders of which are entitled to one vote for each such share registered in their name. Holders of common shares of record at the time and date of the meeting are entitled to vote at the meeting. The register of transfers will not be closed.

Mill City Petroleums Limited is the beneficial owner of 6,096,694 shares representing 46% of the issued and outstanding common shares of the Company.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as Directors pursuant to the proxy which is hereby solicited: Frank Brown, Robert Clive Brown and Archibald P. Newall, Jr. The term of office for each Director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

Information Concerning Nominees as Directors

Name	Year first became a Director	Shares of the Company beneficially owned
Frank Brown	1966	1
Robert Clive Brown	1966	1
Archibald P. Newall, Jr.	1966	1

Shares beneficially owned in subsidiary companies

Name	Shares of New Continental Oil Company of Canada Limited	Shares of Consolidated East Crest Oil Company Limited
Frank Brown	42,500	1
Robert Clive Brown	38,800	1
Archibald P. Newall, Jr.	500	1

The above named nominees during the past five years have been Directors and/or Officers of associ ated companies, Mill City Petroleums Limited, Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. When Mill City Petroleums Limited acquired effective control of the Company in 1966 they were elected Directors of the Company and of its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited. Robert Clive Brown is President of the Company and Archibald P. Newall, Jr. is Vice-President.

According to information furnished by the respective Directors individually, they are collectively the beneficial owners of 26,419 shares of the capital stock of Mill City Petroleums Limited.

Included in the Annual Report of the Company which accompanies this information circular is a chart showing associated and subsidiary companies, together with particulars concerning principal share ownership, interlocking directorate, etc. This chart is by reference made a part of this information circular.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company and its subsidiaries bears a portion of the total remuneration paid to its Directors and Senior Officers who are paid by an associated company. The amount of such remuneration allocated to the Company and its subsidiaries during the year amounted to $32,900 and in addition the sum of $2,300 was allocated to cover pension or retirement benefits. These amounts included in administrative and general expense in the consolidated financial statements.

There are no options to purchase common shares of the Company held by any of its Directors or Senior Officers. However, the following option covering shares of the capital stock of the Company's subsidiary, New Continental Oil Company of Canada Limited, was exercised during the year.

Option Exercised

By: Eric F. Lowick, Secretary-Treasurer

Common Shares	Option Price	Date of Exercise	Price range 30 days preceding exercise
10,000	30c	August 11, 1967	38c - 71c

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Clarkson, Gordon & Co., Chartered Accountants, Calgary, Alberta, the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. The said auditors have been auditors for the Company since its inception in 1956.

SPECIAL RESOLUTION

It is intended that the designees named in the proxy form submitted by the Company will vote shares represented by such proxies, if not expressly provided to the contrary in such proxy, for the approval of the following Special Resolution of the Directors of the Company passed the 2nd day of January, 1968.

SPECIAL RESOLUTION "F"

RESOLVED as Special Resolution "F" of Permo Gas & Oil Limited (hereinafter called "the Company") that:

1. The number of Directors of the Company is hereby decreased from seven (7) to three (3) so that the Board of Directors of the Company shall hereafter be composed of three (3) Directors.

2. Two (2) Directors shall constitute a quorum at any meeting of the Board of Directors.

3. All prior by-laws, resolutions and proceedings of the Company inconsistent herewith are hereby amended, modified and revised in order to give effect to this Special Resolution.

DATED: January 15, 1968.

BY ORDER OF THE BOARD

E. F. LOWICK,

Secretary-Treasurer